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Apprenticeship

FEDS PRAISE DETROIT MODEL FOR APPRENTICESHIP PLACEMENT

A high-dollar Detroit workforce development project that uses training funds as a hiring incentive to place city residents in registered apprenticeships exceeded local job placement goals in its first year. While long-term outcomes remain to be proven, project stakeholders are considering a scale-up and federal officials highlighted the intervention as a replicable practice.

Federal, state and local officials who implemented or watched the development of the Detroit Registered Apprenticeship Pilot Program say that a relatively high budgeted cost — \$8,000 per participant — should pay off over the long term as jobseekers see their earnings increase in skilled trades careers.

DRAPP was the subject of a webinar hosted by the Employment and Training Administration on June 27.

In spring 2012, Detroit Employment Solutions Corporation, the city's local workforce agency, launched the pilot project with the goal of placing 20 18- to 24-year-olds into federally registered apprenticeships. The ongoing project has exceeded that goal.

Local officials are now making decisions about scaling the project up to meet growing demands in the skilled trades.

"We have thousands and thousands of infrastructure jobs coming to Detroit. We're going to build a bridge to Canada. We're going to build an —1 rail [Detroit's public light rail system] up Woodward. We're going to build a new hockey stadium. We have some activity going on in Eastern Market. Lots of skilled trade jobs are coming," said Pamela Moore, chief executive of the local workforce agency.

Michigan's Workforce Development Agency, which has run several pilot programs involving preapprenticeship training over the past half decade, collaborated with the city agency to develop the intervention. Project officials also thanked the federal Office of Apprenticeship for providing guidance.

The city agency is using Workforce Investment Act adult and dislocated worker funds to finance the intervention. Beyond staples of workforce develop-

ment, such as recruitment, assessment and placement with participating employers, the program features two more complicated components.

One is a 60-hour work readiness curriculum. Participants are paid a stipend of \$10 per hour to participate. Officials consider this a supportive service expense, Moore explained.

The second is placement in a registered apprenticeship. The agency partnered with seven building trades apprenticeship sponsors as well as CVS Caremark, which sponsors pharmacy technician apprenticeships.

Detroit Employment Solutions Corporation issues an individual training account, worth up to \$5,000, to employers who accept new apprentices.

"This is a collaboration between the workforce investment system, in Michigan and Detroit, with the sponsors of registered apprenticeship programs. They've really come together to develop a model that provides this seamless career pathway into good jobs that registered apprenticeships can provide," federal Office of Apprenticeship Administrator John Ladd said.

Employer Incentive

Participating employers must see that their apprenticeship programs are registered as eligible training providers with Michigan. They then enter into ITA agreements with the agency, spelling out the terms of payment.

Employers can collect up to \$3,000 for documented training expenses, such as the classroom training known as "related technical instruction," in the lingo of the federally registered apprenticeship system. In addition, they can collect \$1,000 at hire and another \$1,000 at six-month job retention to be used at their discretion.

Project stakeholders described this as an employer incentive.

Janet Howard, deputy director for strategic planning, operation, policy and finance, in Michigan's Workforce Development Agency, explained that the \$5,000 in structured employer payments reflects a model developed under the Michigan Registered Apprenticeship Pilot Program. The state apprenticeship placement project was financed by the American Recovery and Reinvestment Act in 2009 and 2010.

Originally, the MRAPP program offered only \$1,000 in employer incentives, making \$500 available to employers at the start of a new apprenticeship and \$500 at six-month retention.

A year into the project, the state adopted the more generous payment model that has been replicated by DRAPP, in order to attract employers.

As with the state program, under DRAPP, employers can use the \$2,000 available to them, in excess of up to \$3,000 in direct training costs, at their discretion. Funds may be used to provide participants with tools or other equipment, or absorbed by employers to offset loss of productivity when staffing a project with an apprentice rather than a journeyman, Howard explained.

“We really thought that it was absolutely essential to offer that to employers so that we would really have a total commitment to the success of the individuals entering into the apprenticeship,” she said.

While the project is working with a dedicated group of employers and unions, placement has been a strategy that took considerable development, according to Moore.

Different employer and sponsor partners favored using different assessment tools to screen the work readiness of program participants. The workforce agency has decided to use the Test of Adult Basic Education.

“We had to establish what scores each of our sponsors and employers wanted individuals to get. The laborers had different criteria and requirements than the electricians. So we sat down with each group and figured out what exactly the minimum requirement was going to be for individuals to move into their apprenticeship programs,” Moore said.

As of June 21, the Detroit project registered 52 completions for its work readiness curriculum and 21 participants placed in apprenticeships. It paid out \$11,320, mostly in participant stipends for attending the work readiness training and \$52,000 to employers for training and hiring incentives.

Officials budgeted the program at about \$8,000 per participant. This factored in \$5,000 for maximum ITA expenditures to employers, \$600 for stipends, \$1,000 for additional supportive services such as transportation and about \$1,400 to develop, recruit for and run the work readiness program.

Cost-Benefit

Martin Simon, a workforce development program officer with the National Governors Association and a member of the Department of Labor’s Advisory Committee on Apprenticeship, suggested that this spending is reasonable considering that participants gain a lifetime of skilled trades wages.

“While \$8,000 might seem like a fairly high number as a cost per participant number, last summer we released an evaluation study that looked at the cost/benefit of apprenticeship programs from a public and individual side ... If the public cost is as much as \$8,000, there’s still a net public benefit of over \$42,000 for this kind of a strategy. Because the wages are so high in these industries, and because these are careers that are lifelong careers for folks, that investment is paid off four- or fivefold,” Simon said.

He was referencing a cost-benefit analysis of apprenticeships that the Office of Apprenticeship commissioned from Mathematica Policy Research (ETR 8/20/12, p. 599).

Actual costs have come out a bit lower because participants haven’t needed many additional supportive services, Moore said. Most participants have been black men. Despite the goal of serving 18- to 24-year-olds, the average age of participants is 39.

“What that is telling me is that we really need to communicate these opportunities to our young people and have them understand that these are sustainable careers and occupations that they need to be interested in. So we’re actually going into some of the high schools in the fall to bring this information to our young people,” Moore said. Building trades apprenticeship sponsors would like eventually to see a 240-hour preapprenticeship curriculum that features both soft and hard skills training.

The workforce agency agrees, but continued \$10 per hour participation stipends for a program of that duration are unlikely, Moore said.

“The skilled trades have blessed this and said, yes, if you send us folks that have sat through a 240-hour soft and hard skills curriculum, they will absolutely be successful in these opportunities that we have,” she said.

—Ryan Hess

About ETR — The *Employment & Training Reporter* is a weekly trade journal covering the field of workforce development with a special emphasis on public sector programs in the United States. Since 1969, ETR coverage of the whole range of U.S. federal, state and local programs has included the Workforce Investment Act, the Carl D. Perkins Vocational and Technical Education Act, education for employment at the secondary and technical levels, Temporary Assistance for Needy Families and work supports, as well as vocational rehabilitation and employment for the disabled.

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